



## **Budget Tidbits... just the facts**

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Senate Ways & Means**

### **Budget Brief #12: Concerns about Governor's Budget (3/22/05)**

Governor Gregoire's budget has received attention for its tax increases. Perhaps more notable are the degree to which problems are pushed out to the future and how key issues go unaddressed.

#### **A. "Solution" Relies Too Heavily on One-Time Funds**

Nearly \$1 billion of one-time sources are used to "balance" the \$1.5 billion budget problem, including:

- Deferring pension payments to future budgets (\$524 M), changing accounting methods (\$127 M), one-time revenue bills (\$62 M), and spending fund balances (\$255 M)

This approach only exacerbates future budget problems. The one-time sources go away but the artificially propped-up spending level remains.

#### **B. Fails to Address Fastest Growing Areas of Budget**

Pensions, health care, tort liability, general-assistance unemployable, and bilingual education are among the fastest growing areas of the budget – yet solutions evade the Governor.

**Pension costs**, over \$500 million worth, are deferred. One available remedy – statutorily terminating gain-sharing – is not employed. Skipping contributions raises legal questions about whether the state is meeting its contractual obligation to fund pensions in a systematic and sound fashion.

**Health care** grows at double-digit inflation. No innovative policies are put forth. Instead more costs are put on taxpayers by stopping efforts aimed at identifying ineligible recipients, eliminating modest co-premiums scheduled to take effect, and providing access for non-citizens and illegal immigrants. Taxpayers also continue to subsidize state employees' share of health benefits at 12 percent, well-below the private sector average of 28 percent.

**Governmental tort liability** has grown more than 500 percent in the last dozen years, resulting in more than \$150 million in budget costs this biennium. No proposal is put forth to stem this tide.

**General Assistance Unemployable**'s caseload has grown nine times as fast as population in recent years. The program now costs more than the entire combined state support of WWU, EWU and Evergreen State College. Rather than time-limiting eligibility for this temporary assistance program, the sole savings is a mere \$18 million from eliminating one criteria.

**Bilingual education** costs are growing nearly three times the rate of state revenues. The percent of students on the program more than three years has tripled in recent years and the percent that are on more than five years has quadrupled. No proposals are set forth to address this issue.

#### **Bottom Line**

**Don't the citizens of this state deserve better than a patchwork of one-time solutions that fail to address the fastest growing areas of the budget?**